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Notes on the Hog Situation as Presented to the
Special Advisory Committee on Hogs, October 7,
1955 by Harold F. Breimyer and Reed A. Phillips

1. Output of all meat is at a high level. Last year's production exceeded the wartime peak for the first time and this year's is up 5 percent more. Present large output is primarily a response to record large demand for meat in recent years and results also from the trend toward forage agriculture, from feed use of diverted acres, and from increased crop yields.

2. Consumption per person is estimated at 160 pounds this year, the most on record except 1908.

3. The big increase has been in beef. Cattle production was increased very fast from 1949 to 1953. Both inventory numbers and annual beef output have leveled off since then. Beef consumption has been 79 pounds per person the last 2 years. Large beef supply is not a new factor of the last 12 months.

Over many years, consumption of beef has risen, of pork has remained steady.

Production and consumption of broilers also has increased but this too is not a new factor in 1955.

4. The supply of pork for consumption has increased sharply this year. But the increase started from a low mark in 1954. Last year's 60 pounds consumed per person was the least since 1938. This year's 66 pounds is about average for postwar years.

5. Since hog prices are lower than would be expected in relation to the supply, price weakness is ascribed to demand. Demand for all meat has slipped off from its inflationary high just after the war. More important is the growing weakness of demand for pork. The percent of the consumer's dollar spent for pork has declined relative to that for beef over a number of years. The expenditure for pork rebounded briefly in 1947-48 but has been reduced fast since. Reasons for this loss of demand for pork include an increasing distaste of the American consumer for fat and also a shift of population out of pork eating areas into beef eating areas. Also, greater use of home refrigeration may have given more lift to demand for beef than to pork.

6. Low prices for hogs this year thus are in part a manifestation of the long trend of demand away from pork. But the abruptness of the increase in pork supply this year also has been a factor. Frequently, a sudden, fast upswing in supply creates an unusually large price reaction. To the extent this is a factor, demand for pork may firm up after both the trade and consumers become adjusted to the new larger supply.

7. The combined pig crop of 1955 was 101 million. This is up from a recent low of $81\frac{1}{2}$ million in 1953. The 1955 spring crop was 9 percent larger than the 1954 spring crop, and a 10 percent larger fall crop this year has been indicated by farmers' intentions.

8. Commercial slaughter of hogs in the first 8 months of 1955 was 15 percent above the same time last year. Slaughter in August and September, the beginning of the slaughter season for spring pigs, was about 9 percent above a year earlier. Since this is the same as the increase in the number of pigs, it appears that slaughter to date has only about kept pace with the increase in production. Slaughter will continue larger than a year before through at least the first half of 1956. Slaughter in the second half of next year cannot be foreseen until the size of the 1956 spring pig crop is known. Present indications are that that crop will not change greatly.

9. Prices of hogs were at an all time high for the month in April 1954. After a long decline they recovered seasonally in late spring this year. Unlike an average year, when they hold up well through around the middle of September, prices declined in July. Extremely hot weather was at least a partial cause. The July-August decline probably represents part of the total seasonal downtrend, but some further reduction this fall seems likely.

10. Price spreads between various weights of hogs always change from season to season. The lighter weights enjoyed a premium the first half of this year while heavy hogs were severely discounted at times. In early October hogs of all 3 weights brought about the same prices -- which is not unusual for that month. Prices of heavy hogs will be subject to an increasing discount in the next few months, if normal trends are repeated.

11. The hog-corn price ratio was high in much of 1954, but has been about average so far this year. A ratio tells nothing about the level of the 2 prices; both hog and corn prices are lower this year. As the ratio is still above average, no sizeable cut back in hog production seems probable.

12. As incidental data, net foreign trade in pork has been small for many years, except during the war when considerable quantities were exported. Net imports of pork in 1954 were 74 million pounds, carcass equivalent weight, or less than 1 percent of production. Exports of lard have been substantial; they are expected to exceed 600 million pounds this year. It is noteworthy that the value of exports and shipments of pork and lard so far this year is almost exactly equal to the value of imports of pork.



